

CORRECTED FISCAL NOTE

SB 3589 – HB 3466

March 21, 2006

SUMMARY OF BILL: Requires the State Insurance Committee to offer all state employees (1) specified disease insurance, (2) accident insurance, and (3) short-term disability insurance, on a voluntary payroll deduction basis.

ESTIMATED FISCAL IMPACT:

On March 15, 2006, we issued a fiscal note indicating a recurring increase to state expenditures of \$10,000 and a one-time state expenditure of \$80,000. Based on additional information provided to us on March 21, 2006, by the Department of Finance and Administration, the Division of Insurance, the estimated fiscal impact of this bill is:

(CORRECTED)

**Increase State Expenditures - \$10,000 Recurring
\$400,000 One-Time**

Assumptions:

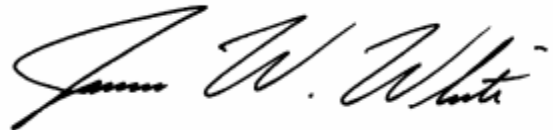
- State employees pay 100% of premiums through payroll deduction.
- Enactment of this bill would increase administrative costs and computer related costs for the Division of Accounts in the Department of Finance and Administration.
- One-time costs for computer programming, software modifications, and testing are estimated to be \$80,000.
- One-time costs for computer programming, software modifications, and testing for the Tennessee Insurance System is estimated to be \$320,000.
- Recurring costs to continually administer the insurance options within the payroll system are estimated to be \$10,000 per year.

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- These costs would be incurred partly due to an antiquated payroll system in F&A. This system is over 30 years old and would require extensive modifications for any additional payroll deduction type options offered to state employees.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director